



## Columbine CableVision

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July 30, 1993 FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

The Honorable James H. Quello  
Chairman  
Federal Communications Commission  
1919 M Street N.W. Room 802  
Washington, D.C. 20554

Re: MM Docket No. 92-266

Dear Chairman Quello:

As the General Manager of an independently owned cable television system, I have been watching with great interest the recent proceedings relating to the cable television industry. I have taken an active part by communicating with my elected officials, particularly Rep. Wayne Allard, and I have shared with him the concerns of the industry. Now that the FCC has developed the rate regulation rules, I feel I must abandon the views of the industry as a whole, and communicate my concerns as they relate to this cable television system. I hope that by being much more specific, you may more fully appreciate the problems that the rate regulation has placed on this operator.

Columbine CableVision, located in Fort Collins, CO, is owned by the World Company of Lawrence, KS. Our MSO is a total of two cable systems, so I consider this an independently owned system. We have operated in this community since 1978, and have an outstanding relationship with our community, our customers, and our franchising authority. Our current rate for Basic service, (39 channels) is \$16.50 per month, one of the lowest, if not the lowest, in the Rocky Mountain Area. Based on my interpretation of the benchmarks, we are more than \$3.00 per month below the benchmark rate.

The problem we face is that of future operations. We have not raised rates here based on a calendar, but based on operating conditions, such as increased programming costs, capital upgrades, etc. We have not raised rates here since April of 1991. We have not tried to "second guess" the rules that were to be developed by the FCC by re-tiering, creative pricing, or any other means. We believed that whatever came from the FCC would allow operators who had operated responsibly to continue to do so. We were wrong!

We are currently negotiating with our franchising authority for an renewal of our franchise. We are also looking forward to the needs of the community, and the Nation, with regard to the " telecommunications superhighway". No. of Copies rec'd copy  
of this system to meet what we believe will be needed List A B C D E

carry us into the next century will cost somewhere around 15 million dollars. With our current cash flows, we can not fund a rebuild of that magnitude. We certainly believe that some incremental revenue streams will develop, but nowhere near what will be necessary to fund this project. What we see is that if we had done what was so common in the industry, that is, raise rates without business justification, but based on the calendar, we would be in a position to "compete" for the telecommunications superhighway. A rate of somewhere near the benchmark would, we think, enable us to take the business risk of investing an additional 15 million in infrastructure.

I think you see where I am headed. As we interpret the rules, we are prohibited from raising our rates by more than an adjustment for inflation, plus programming. We also understand that we may not have the option of passing through rebuild costs, or even a portion of those costs, to our consumers. What I would like for you all to consider is that those of us below the benchmark have the flexibility to raise rates, as long as we stay within the guidelines of the benchmark rates. We shouldn't have to go through the expense of hiring attorneys, accountants, and other consultants to make a cost of service showing when we have been responsible all along! It appears that these rules have slapped the offending cable operators, but have given operators like us a knock out punch! We need some help from the Commission upon reconsideration of the rules. There are operators like us all over this country. Please do not penalize us in the process of reining in the renegades!

This letter is not written in legalese by attorneys, but I hope that the information was presented such that you realize the predicament we have been put in. We want to continue to operate this system in the manner that allowed us to achieve our 84% penetration level. Obviously our consumers are telling us we are doing something right. I urge you to consider the impact these rules have had on operators like us. I appreciate your consideration of these facts.

I have forwarded a copy of this letter to the Secretary for inclusion in the docket.

With best regards,



Robert J. Carnahan  
General Manager

cc: The Honorable Andrew C. Barrett  
The Honorable Ervin S. Duggan